

D.P.U. 93-8B

Application of Western Massachusetts Electric Company:

(1) under the provisions of G.L. c. 164, § 94G and the Company's tariff, M.D.P.U. 704, for approval by the Department of Public Utilities of a change in the quarterly fuel charge to be billed to the Company's customers pursuant to meter readings in the billing months of June, July, and August, 1993; and

(2) for approval by the Department of rates to be paid to Qualifying Facilities for purchases of power pursuant to 220 C.M.R. 8.00. The rules established in 200 C.M.R. 8.00 set forth the filings to be made by electric utilities with the Department, and implement the intent of sections 201 and 210 of the Public Utilities Regulatory Policies Act of 1978.

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FOR: WESTERN MASSACHUSETTS ELECTRIC
COMPANY
Petitioner

I. INTRODUCTION

On May 5, 1993, pursuant to G.L. c. 164, § 94G and 220 C.M.R. 8.00, Western Massachusetts Electric Company ("WMECo" or "Company") filed with the Department of Public Utilities ("Department") a proposed quarterly change to its fuel charge in conformance with its tariff, M.D.P.U. 704, and to its Qualifying Facility ("QF") power purchase rates in conformance with its tariff, M.D.P.U. 586. The Company requested that both these changes be effective for bills issued pursuant to meter readings for the billing months of June, July, and August, 1993. This matter was docketed as D.P.U. 93-8B.

Pursuant to notice duly issued, a public hearing on the Company's application was held on May 19, 1993, at the Department's offices in Boston. Notice of the hearing was published in the Springfield Daily News, the Greenfield Recorder Gazette, the Berkshire Eagle, the Daily Hampshire Gazette, and the Boston Globe. The Company also complied with the requirement to mail a copy of the notice of the hearing to all persons with whom the Company has special retail contracts that do not incorporate a filed rate, and to all intervenors and their respective counsel from the Company's prior two fuel charge proceedings. No petitions for leave to intervene were filed.

At the hearing, the Company sponsored three witnesses: Stanley Puzio, supervisor in the fuel recovery department; Paul J. Parsons, senior analyst in the fuel recovery department; and Michael J. Delphia, supervisor of resource planning. The Company

submitted two exhibits and responded to three record requests.

The Company is a wholly-owned subsidiary of Northeast Utilities ("NU") of Hartford, Connecticut, a public utility holding company. NU's other subsidiaries, affiliates of WMECo, include Connecticut Light and Power Company, Holyoke Water Power Company, Northeast Nuclear Energy Company, Charter Oak Energy, Inc., and NUSCo, which provides engineering, technical and other services for NU companies. Two other subsidiaries, Rocky River Realty Company and Quinnehtuk Company, are involved in real estate matters. WMECo receives some of its power requirements pursuant to contractual rights from utilities both within and without the NU system. In addition, WMECo owns nine generating units. WMECo is engaged in the generation, transmission, and distribution of electric power to serve, on average during 1992, 191,912 customers in its service territory, which includes over fifty cities and towns in Western Massachusetts. WMECo's total sales to ultimate customers, as shown in its 1992 financial report provided to the Department, were \$385,698,813.

II. FUEL CHARGE

In its May 5, 1993 filing, the Company proposed changes to its fuel charge and QF power purchase rates for June, July, and August, 1993. For these billing months, the Company proposes a fuel charge of \$0.00784¹ per kilowatthour ("KWH"). The proposed

¹ The fuel adjustment charge of \$0.00753 per KWH as proposed by the Company in its May 5, 1993 filing (Exh. WM-1), was subsequently revised on May 19, 1993 to \$0.00784 per KWH (Exh. WM-2).

fuel charge is \$0.00314 more than the fuel charge of \$0.00470 per KWH approved by the Department in Western Massachusetts Electric Company, D.P.U. 92-8A (1993), for meter readings for the billing months of March, April, and May, 1993.

Mr. Puzio stated that there were two reasons for the proposed rate increase: (1) the Company expects lower hydro and nuclear generation during the proposed quarter; and (2) load requirements of the customers are expected to increase due to seasonal cooling requirements (Tr. at 8). The impact of the fuel charge for the average customer's bill with 500 KWH of usage will be an increase of approximately \$1.50 id.).

As for the lower expected nuclear generation, Mr. Puzio explained that: (1) Millstone 3 is scheduled for a refueling and maintenance outage beginning July 31, 1993; (2) Connecticut Yankee is continuing with a refueling outage which began on May 15, 1993 and which is expected to continue until the end of July; and (3) Maine Yankee is scheduled to begin a refueling maintenance outage around July 31, 1993 (Tr. at 13).

The Company's witness testified that Northfield hydrogeneration unit 4 is scheduled for an outage for approximately 23 days, beginning around June 12, 1993. According to the Company, this unit is scheduled to be out because it is a "run-of-the-river" type of hydrogenerator; and therefore, its output is dependent upon river flow, which is expected to decline in the upcoming quarter due to a reduction of runoff from melting snow (Tr. at 13,14). The Company stated, however, that if there

is more rainfall, the Company will use the hydrogenerator id.).

Because of the projected increase in demand for electricity and loss of some hydroelectric and nuclear facilities, WMECo stated that it must rely upon the use of higher priced fossil fuels (Tr. at 14).

III. QUALIFYING FACILITIES

Pursuant to the Department's rules in 220 C.M.R. 8.00, rates to be paid to QFs for short-run power purchases are set with the same frequency as the fuel charge. A QF is a small power producer or cogenerator that meets the criteria established by the Federal Energy Regulatory Commission in 18 C.F.R. 292.203(a) and adopted by the Department in 220 C.M.R. 8.02.

Pursuant to the governing regulations, the Company is required to calculate short-run energy purchase rates on a time-of-supply basis for two rating periods: peak and off-peak. In addition, the Company is required to calculate a non-time-differentiated rate, i.e., a total period rate, which is a weighted average of the time-of-supply rates, where the weighting is a function of the number of hours in each rating period. See 220 C.M.R. 8.04(4)(b).

The Company proposed the following standard rates to be paid to QFs during June, July, and August, 1993:

Energy Rate by Voltage Level (Cents/KWH)

<u>Voltage Level</u>	<u>Peak</u>	<u>Off-Peak</u>	<u>Total</u>
Transmission	2.400	1.542	1.952
Bulk Substation	2.411	1.546	1.959
Service at Primary Distribution From:			
23 kV	2.464	1.571	1.994
13.8 kV	2.492	1.583	2.015
4.8/8.3 kV	2.656	1.641	2.116
Service at Secondary Distribution From:			
23 kV Primary	2.528	1.597	2.037
13.8 kV Primary	2.559	1.609	2.058
4.8/8.3 kV Primary	2.725	1.667	2.161

Exh. WM-1.

The short-run capacity rate proposed for this quarter is zero.

IV. FINDINGS

Based on the foregoing, the Department finds:

1. That the fuel charge rate for the Company for the billing months of June, July, and August 1993 shall be \$0.00784 per KWH. The calculation of the fuel charge is shown in Table 1 attached to this Order.

2. That the qualifying facility power purchase rates for June, July, and August, 1993 shall be the rates set forth in Section III, above.

V. ORDER

Accordingly, after due notice, hearing and consideration, it is

ORDERED: That the Western Massachusetts Electric Company is authorized to put into effect a quarterly fuel charge of \$0.00784 per KWH as set forth in Section IV, Finding 1 of this Order for bills issued pursuant to meter readings for the billing months of June, July, and August, 1993; and it is

FURTHER ORDERED That the fuel charge approved herein shall apply to kilowatthours sold to the Company's customers subject to the jurisdiction of the Department and shall be itemized separately on all such customers' electric bills; and it is

FURTHER ORDERED That the Company's Qualifying Facility power purchase rates for the billing months of June, July and August, 1993 shall be those set forth in the Table on page 5 of this Order; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall notify all intervenors and their respective counsel from the Company's prior two fuel charge proceedings that it is proposing an adjustment to its fuel charge, and shall also notify these persons of the date scheduled for the hearing on the proposed fuel charge at least ten days in advance of the hearing; and it is

FURTHER ORDERED That the Company, in all future fuel charge proceedings, shall provide all intervenors and their respective counsel from the prior two fuel charge proceedings with a copy of its fuel charge filing, in hand or by facsimile, on the same day it is filed with the Department; and it is

FURTHER ORDERED That, pursuant to G.L. c. 164, § 94G (a) and (b), fuel costs allowed by this Order are subject to such disallowance as the Department may determine in any subsequent investigation of the Company's performance period that includes the quarter applicable to the present charges.

By Order of the Department,